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The Limitations of Trademark Law in Addressing Trademark Keyword Banners

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THE LIMITATIONS OF TRADEMARK LAW IN ADDRESSING TRADEMARK KEYWORD BANNERS

Matthew A. Kaminer[†]

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I. INTRODUCTION

Jan Young, owner of Shoe Town, a national chain of shoe stores, realized the potential for selling shoes on the Internet and opened an Internet version of her store. Her business has since received national coverage and she faithfully includes her Internet address with all of her advertising. Moreover, Jan indexed¹ her web site with all the popular search engines and has created a significant increase in the

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1. When a site is “indexed” it is added to the catalog of all web pages on a search engine. See Danny Sullivan, *How Search Engines Work* (visited Apr. 1, 1999) <<http://www.searchenginewatch.com/webmasters/work.html>>.

amount of customers for Shoe Town. As a result, Jan's business has grown exponentially over the last few months.

Bill Watson owns and operates an Internet search engine. His business provides Internet users a free way to search the hundreds of thousands of sites on the web to quickly locate what interests them. Bill earns revenue by selling targeted advertising to his clients on his site.² Many of the advertisements are known as "banner" advertisements. These are ads that appear in a horizontal space at the top of the screen, and vary depending on the information entered into the search engine by the user. For example, if a user searches for "Italian, Restaurant, Washington, D.C." in addition to displaying search results on the screen, Bill's search engine displays a banner advertisement at the top of the page for Tony's Italian Restaurant in Washington.

Recently, Kim's Shoes, a competitor of Shoe Town, also decided to open an Internet-based shoe store. Kim purchased a targeted advertising package from Bill that included displaying banner advertisements each time one of Bill's users performs a search on the search engine with the word "Shoe Town." Now, when a user searches on Bill's site using Jan Young's registered trademark Shoe Town, not only do they receive a listing of all sites with the word "Shoe Town," at the top of each search result page, a flashy advertisement appears informing the user of Kim's Shoes' new web store. Jan learned of the advertising package and sued Bill for trademark infringement, claiming that Bill sold Jan's trademarks without her consent, thus, denying her the use and control of her own trademark.³ Jan wants Bill to stop displaying Kim's advertisements each time a user searches with her trademark.

The Internet has grown exponentially over the last few years.⁴ By one research firm's account, the Internet has grown to over 50

2. See, e.g., *GoTo.Com Media Kit—Company Fact Sheet* (visited Apr. 1, 1999) <http://www.goto.com/d/about/advertisers/mediakit/fact_sheet.jhtm> (explaining that GoTo.com's entire database comprises solely advertisers that "pay for placement" and that advertisers pay for actual visits to their sites and that GoTo.com displays the advertisers link when triggered by keywords used by the user during a search).

3. This hypothetical situation is based on the complaint filed by Estee Lauder. See discussion *infra* Part II.C. In the complaint, Estee Lauder alleges that Excite sold trademarked keywords to The Fragrance Counter for the purpose of advertising.

4. See Pegasus Research Int'l, LLC, *State Of The Internet* (visited Apr. 1, 1999) <<http://pegasusri.com/marketsize.html>>; see also JIM STERNE, *WORLD WIDE WEB MARKETING* 44 (2d ed. 1999) (explaining that although not all surveys agree, "all of them point to very big numbers and a serious growth rate").

million users.⁵ In 1996, there were 72 million web pages in existence that served these Internet customers.⁶ Today it is estimated that over 300 million web pages are connected to the Internet⁷ and the number of people using the Internet continues to grow rapidly. As a result of the growing number of web pages on the Internet, search engines have become essential to help users navigate the Internet, yet the search engines still remain free to the user.⁸ Just as magazines and newspapers sell advertising space within their publications, Internet search engines derive revenue by selling advertising space on their various web pages.⁹

Paid advertising on the Internet often takes the form of a "banner" or other small graphic image.¹⁰ A banner, as the name implies, is a wide, short graphic advertisement displayed somewhere on the web page.¹¹ One form of banner advertising that has received a great deal of attention is "keyword banner advertising."¹² Under this arrangement, a search engine sells advertising rights to certain keywords for a fee. A search engine will cause certain selected groups of advertisements to appear whenever a search engine user searches for a particular keyword. For example, when a user searches for the word "boat," the search results are accompanied by an advertisement from a boat company which paid the search engine for that connection. Keyword advertisements are more desirable than random banners to advertisers since they are able to target the user.¹³ Although generic keywords, such as "car" or "golf" are not threatened in lawsuits, the practice of selling trademark-keyword banners (TKB)

5. See <<http://www.isc.org/ds/WWW-9907/report.html>>.

6. Pegasus Research Int'l, LLC, *State Of The Internet* (visited Apr. 1, 1999) <<http://pegasusri.com/marketsize.html>>.

7. *Id.*; see also PAUL J. DOWLING, *WEB ADVERTISING AND MARKETING* 46 (2d ed. 1998) (citing statistics that state that the web is the fastest growing medium ever developed and claiming that "from 1995 through the end of 1997, the total web traffic multiplied by a factor of 25").

8. See, e.g., Yahoo! available at <<http://www.yahoo.com>>.

9. See Greg Miller & Davan Maharaj, *Trademark Suits Pose Threat to Web Engine Searches*, L.A. TIMES, Feb. 11, 1999, at A1 (arguing that a search engine's financial success hinges on advertising revenue).

10. See DOWLING, *supra* note 7, at 317.

11. *Id.*

12. See Miller & Maharaj, *supra* note 9, at A1 ("The issue is increasingly significant as companies direct more and more of their marketing dollars to cyberspace.").

13. See ROBIN ZEFF, *ADVERTISING ON THE INTERNET* 44 (2d ed. 1997) (explaining that "[t]ime Warner's purchase of the keyword GODIVA on various search engines two weeks prior to Valentine's Day delivered one of the best click-through rates the Web site has ever achieved for a promotion.").

has led to litigation.¹⁴

This article coins the term "TKB" and addresses the question of whether a TKB is likely to give rise to litigation under a trademark infringement or dilution theory. Part II of this article will provide a technological primer, including a detailed description of TKB practices in more detail, and the current legal challenges a TKB faces in court. Part III of the article will analyze whether a TKB gives rise to any liability under any existing trademark policies.¹⁵ This article concludes, in part IV, by proposing that the government should not adopt new laws to eliminate TKB practices. In particular, the article argues that a TKB is important to electronic commerce on the Internet. It contends that a TKB is a form of comparative advertising that helps the user during their Internet experience and they should be encouraged.

II. TKB AND THE LEGAL CHALLENGES

The Internet has brought a technological revolution that has generated a lively debate among lawyers and policy makers, giving scholars the opportunity to analyze sound trademark doctrine.¹⁶ The most recent legal Internet controversy is a TKB.¹⁷ To understand the legal controversies surrounding the TKB requires an understanding of how and where they are used on the Internet. That discussion must be augmented further by a consideration of why search engines use keyword advertising to target particular users.

A. Search Engines

A search engine provides a convenient way to search the Internet.¹⁸ Search engines work by creating an index to as many web

14. See *infra* Part II.C for a discussion of cases.

15. See generally 15 U.S.C. § 1125(a) (1996).

16. See Daniel A. Tysver, *Bitlaw: Trademarks on the Internet* (visited Oct. 19, 1999) <<http://www.bitlaw.com/trademark/internet.html>> ("The Internet has in fact become the latest hotbed of activity for trademark attorneys.").

17. See *infra* notes 46-59 and accompanying text (discussing the cases).

18. Although this article focuses strictly on search engines, Internet portals sites demonstrate the perfect electronic forum for targeted advertising. "The word *portal* has become as much a part of the Web's vocabulary as the word *link*." Jim Lynch, *Web Portals* (visited Apr. 1, 1999) <<http://www.zdnet.com/devhead/stories/articles/0,4413,2164175,00.html>>. Internet portals evolved from the common search engine and are considered gateways to the Internet. *Id.* Common examples of Internet portal sites are Yahoo!, Excite, and The Microsoft Network. Described as "the epicenter of your Web experience," Internet portals all pretty much feature the same type of content. See *id.* Not only do they provide advanced search capabilities, they offer additional services, such as chat, e-mail, stock quotes, and shopping. See Cory Kleinschmidt,

pages on the Internet as possible. Common examples of search engines are Yahoo!, Excite, and Lycos.¹⁹ These search engines use three required components: search terms, a database, and the results page.²⁰ The search terms, also known as keywords, are user queries consisting of words that reflect the user's interest.²¹ For example, a user might use a search engine to search for football-related web sites by typing the word "football" as a search term into a designated space. The search engine software then compares the search terms to a database located in the search engine,²² which contains information about all web pages known to the search engine. The result page typically includes the list of cites generated by the search term to the search engine's database and any additional advertising information.

B. Keywords are the "Key" to Banner Advertising

In 1998, a leading Internet advertising association reported that

Portal Frequently Asked Questions (visited Oct. 31, 1999) <<http://www.traffic.com/story.asp?StoryID=4>> [hereinafter Portal FAQ]. These are called "sticky applications" since they keep users coming back to their site. Internet portal sites provide these free applications by charging less advertising and marketing. *See id.* The more targeted the applications, the more users "stick around," which in turn leads to more money from advertising. *See* Matthew Broersma, *New Portals Break The Mold* (visited Apr. 1, 1999) <<http://www.zdnet.com/zdnn/stories/news/0,4586,2177277,00.htm>>. These targeted portal sites are also known as vertical portal sites since they provide a tightly focused content area geared toward a particular audience. *Id.* An example of a vertical portal site, McAfee Online, provides information, advertising and links geared towards computer maintenance. *Id.* The vertical portal sites can provide targeted advertising much better than vanilla search engines. Coupled with skepticism from banner advertisers about the value of random banner advertisements, these portal sites have moved away from selling sweeping banner advertising stops to a more focused type of banner advertising specific to the user and the user's selections. The vertical portal site demonstrates the perfect Web site for targeted advertising. *Id.*

19. Yahoo! is available at <<http://www.yahoo.com>>, Excite is available at <<http://www.excite.com>>, and Lycos is available at <<http://www.lycos.com>>.

20. *See* Sullivan, *supra* note 1.

21. Miller & Maharaj, *supra* note 9.

22. There are a number of factors search engines use to determine which web sites to list when a user initiates a search. Regardless of the method, all search engines use some form of keywords to retrieve the results. The user inputs keywords they are interested in, and the search engine ranks potential matches according to an algorithm which the search engine employs to determine which sites are most likely to contain the information the user is seeking. *See, e.g.,* Danny Sullivan & Richard Karpinski, *Supercharge Your Web Searched – Looking For Information In All Wrong Places? Here Are The Top Tools And Tips For Getting The Most Your Web Searches* (visited Apr. 1, 1999) <<http://www.techweb.com/se/directlink.cgi?NTG19970501S0049>> (discussing techniques used by various search engines to retrieve their Web pages); *see also* Danny Sullivan, *How Search Engines Rank Web Pages* (visited Apr. 1, 1999) <<http://www.searchenginewatch.com/webmasters/rank.html>>.

Internet advertising exceeded one billion dollars.²³ One commentator suggests that Internet advertising will become an integral component of marketing and branding,²⁴ a likely result since the Internet is spreading across the globe faster than any other communication medium in history.²⁵ Anticipating this, advertisers are interested in working with Internet companies to deliver information to targeted audiences through web sites.²⁶ Although new advertising schemes have appeared on the Internet, banners continue to be the predominant type of advertising on the Internet.²⁷

The technical details of banner advertisements are fairly easy to access for anyone familiar with web pages.²⁸ A web page is a document that resides on a web server located at some point on the Internet. The web page can include text, sound, and/or pictures. Web client software packages, such as Netscape Navigator or Microsoft's Internet Explorer, collaborate with a web server by requesting various documents. The web server retrieves the requested documents from its hard disks when a web client has made a request for the transfer.²⁹ For each web client that requests a document, the web server may also transmit a particular banner advertisement.³⁰ The same way the document includes images and text, the banner advertisement is included in the document and is part of the web page.³¹

One type of banner advertisement may be a permanent piece of code that is displayed each time the web page is accessed.³² In this type of banner advertisement, the advertisement will never change until the code in the document is changed to display a new advertisement. A second method of display is to dynamically display the banner advertisement.³³ Each time a web page is displayed that contains code for a banner advertisement, the web server sends a

23. For the Internet Advertising Press release see <http://www.iab.net/news/content/billion.html>.

24. *Id.*

25. See ZEFF, *supra* note 13, at 44.

26. See *id.* (noting that advertising is a major revenue for web publishers).

27. See *id.*

28. See Dr. Ralph F. Wilson, *Ins And Outs Of Displaying Banner Ads* (visited Oct. 31, 1999) <<http://www.wilsonweb.com/wmta/adrev-serving.htm>>.

29. See <<http://serverwatch.internet.com/webserver.html>> for more information.

30. See Mark J. Welch, *How to Make Money from Web Site Banner Advertising* (visited Apr. 1, 1999) <http://www.markwelch.com/web_ads.htm> (noting that the 'ad server' sends a banner advertisement to the address of the person requesting the page).

31. See ZEFF, *supra* note 13, at 34 (explaining that banners are images on web sites).

32. Welch, *supra* note 30.

33. See *id.*

query to another web server asking which advertisement to display.³⁴ This method allows the same web page to be displayed with a different banner each time.

Simply put:

“A banner advertisement generally appears at or near the top of a web page, and usually is intended to tease the web surfer into clicking on the banner to travel to the sponsor’s web site. Even if the viewer does not click on the banner, the image on the banner is registered in the viewer’s mind, just like a TV or magazine advertisement.”³⁵

In other words, a banner advertisement is usually the first image a user sees, and is intended to catch the attention of the user to spark an interest in the site.

Banner advertisements have also been likened to roadside billboards.³⁶ Like the billboard, which refers a passerby to an upcoming attraction or location, a banner advertisement refers an Internet user to a remote web site. But, unlike roadside billboards, which do not know their own effectiveness, a banner advertisement can determine not only how many times it was viewed, but also how many users clicked on the advertisement and visited the sponsor’s site.³⁷

Each time the banner advertisement is viewed, it is called an impression.³⁸ The search engine typically sells advertising space on an impression basis. That is, the search engine guarantees to the advertiser a minimum number of impressions, or the number of users that will see a particular advertisement. Although search engines sell space based on impressions, a high “click rate,” or the percentage of visitors who click on a banner, determines whether the banner advertisement is successful.³⁹

In order to provide its services to users free of charge, search

34. See *id.*; see also *Double Click, The Internet Advertising Solution Company* (visited Apr. 1, 1999) <<http://www.doubleclick.com>> (Double Click is an example of a web server that receives queries for banner advertisements).

35. See Welch, *supra* note 30.

36. See ZEFF, *supra* note 13, at 2-10.

37. See *id.* at 2-11. See also <<http://www.wilsonweb.com/wmta/adrev-serving.htm>>.

38. See *id.* at 98.

39. See Ralph F. Wilson, *Using Banner Ads to Promote Your Web Site* (visited Oct. 30, 1999) <<http://www.wilsonweb.com/articles/bannerad.htm>> (noting that “if you put an ad on the first page of Yahoo!, for example, millions of people will see it, but you can expect a low click rate”).

engine sites rely heavily on banner advertising.⁴⁰ There are various types of banner advertisements, but the most important type, from a web trademark perspective, is probably keyword banner advertisements.⁴¹ When a user types a search term into the search engine to find information, the search engine not only returns to the user an index of web sites that contain that keyword, but also provides advertising information. For example, the *Wine Spectator* newsletter may buy the keywords "wine" and "cigars" on many search engines. When searching for either of these two words, the searcher will be presented with an advertisement for the *Wine Spectator*. *The Wine Spectator* prefers this approach since it is providing a targeted advertisement only to potential customers interested in wine or cigars. An even more specific type of targeted advertising occurs when advertisers buy competitor's brand names as a keyword on a search engine to display a TKB. For example, *Wine Spectator* may buy the keyword *Kendall-Jackson* on a search engine hoping to alert customers searching for Kendell-Jackson wine about *The Wine Spectator* magazine.⁴²

Most search engines use the same pricing model to determine how much to charge for banner advertising. A typical search engine charges five to seven cents per banner advertisement impression.⁴³ One typical factor that will considerably drive up the cost per impression is selling targeted banner advertisements since the banner will appear in response to certain search terms.⁴⁴ The more well defined the target audience is, the more the search engine may charge per impression. A TKB is considered an extremely targeted advertisement since it focuses on a very select audience group. Most companies do not mind paying the increased cost, because the TKB and, to a lesser extent a keyword banner, appears to a group of

40. See Miller & Maharaj, *supra* note 9 (stating that "[b]anner ads and keyword searches have always been the meat and potatoes of their business.").

41. See Tom Barrett, *Stealth Marketing on the Web* (visited Apr. 1, 1999) <http://www.bannerstake.com/new/articles/barrett_bbj.html>; see also Miller & Maharaj, *supra* note 9 (stating that "[a]t issue is the marketing of so-called keywords, terms users type into search engines to find information on the Net.").

42. See Wilson, *supra* note 39 (explaining that Yahoo! charges \$1,000 per month per word purchased on their search engine. Yahoo! also guarantees 10,000 impressions for this fee.).

43. See *id.*

44. See Michele Masterson, *Companies Sue Over Banner Advertisements* (visited Oct. 31, 1999) <http://www.internetnews.com/bus-news/print/0,1087,3_67521,00.html> (stating that a report from the Internet Advertising Bureau reported that targeted keywords advertisements sell for \$40 per thousand impressions and non-targeted banner advertisements sell for \$25 per thousand impressions); see also Miller & Maharaj, *supra* note 9.

consumers in which the company is interested. In their view, this type of targeted advertising is more effective and valuable, and thus worth the additional expense.⁴⁵ A brief discussion of the three cases filed to date challenging this very new practice may help to further explain a TKB, and why and how it is used.

C. Legal Challenges to Keyword Advertising

As more and more companies advertise on the web,⁴⁶ the legality of TKB practices has become the newest battle in a series of conflicts over how much protection trademarks should be given in cyberspace.⁴⁷ Thompson and Thompson, the leading trademark search firm, has already built a web site providing TKB information to panicky trademark owners.⁴⁸ Some cyberlaw experts assert that courts confronting TKB cases will protect plaintiff trademark owners from "cyberparasites" trading off their name.⁴⁹ On the other hand, many recognize that courts must be sensitive to the fact that the Internet is a developing medium and, consequently, give greater weight to the public interest.⁵⁰ Regardless of the approach, analysts agree that the lawfulness of a TKB will not only affect trademark owners, but could "change the economics of the big sites and how the portals are run."⁵¹

Internet analysts have not debated the TKB issue in a legal vacuum. As of Spring of 1999, three cases have already been filed, alleging that a TKB violates trademark law. A brief discussion of

45. See Jane Weaver, *Sites Fight to Keep Banner Ads Effective* (visited Apr. 1, 1999) <<http://www.zdnet.com/zdnn/stories/news/0,4586,2225881,00.html>> (explaining how targeted advertising is a more effective way to increase advertising revenue for search engines).

46. See *id.* (noting that ad revenues in the fourth quarter 1998 are shaping up to be anywhere from 100 percent to 200 percent higher than the same period last year); see also IAB Press Release, *supra* note 23.

47. See Eileen Glanton, *Firms Claim Search Engines Abuse Their Names*, MARKETING NEWS, Mar. 15, 1999, available in 1999 WL 7722943 (stating that this is the latest frontier in cyberspace law).

48. The Thompson and Thompson web site, BannerStake, is available at <<http://www.bannerstake.com>>.

49. See Miller & Maharaj, *supra* note 9; see also Masterson, *supra* note 44 (citing a spokesman from Thompson & Thompson that stated, "We call these cyber parasites.").

50. See Miller & Maharaj, *supra* note 9 (quoting a cyberlaw expert for Irell & Manella in Los Angeles).

51. See Miller & Maharaj, *supra* note 9 (quoting a marketing executive at Lot21 Interactive Advertising); see also Glanton, *supra* note 47 (stating that "[t]here could be major repercussions for web companies trying to make money" and the sale of ad rights to keywords is a major source of on-line advertising revenues); see also Masterson, *supra* note 44 (stating that "Potentially this could be very dangerous for search engines.").

these cases will help to inform the legal debate over a TKB and to identify the trademark concerns that arise as a result of using the web.

On January 19, 1999 Estee Lauder, Inc. sued The Fragrance Counter, Inc. and Excite, Inc. for federal trademark infringement, unfair competition under state law, false advertising, and false designation of origin under the Lanham Act.⁵² Estee Lauder's complaint was based on Excite's keyword program that offers merchants advertising opportunities to purchase keywords to ensure that their advertisements appear on the user screen when the user types in a particular keyword.⁵³ According to the complaint, Excite "sold to The Fragrance Counter the exclusive right to use Plaintiff's trademarks . . . as advertising keywords on Excite."⁵⁴ Estee Lauder contended that when a user searches using the trademark CLINIQUE as a keyword it will trigger the presentation of a Fragrance Counter banner advertisement.⁵⁵

Shortly after Estee Lauder filed its complaint, Playboy Enterprises, Inc. (Playboy) sued both Netscape, Inc. and Excite, Inc. for claims similar to those in the Estee Lauder complaint, and for federal trademark infringement, false designation of origin, federal trademark dilution, and unfair competition for selling trademarked keywords.⁵⁶ Playboy alleged that "Excite has hijacked and usurped Playboy Enterprises' good will and reputation by exploiting a search based on a [Playboy] mark as an opportunity to run banner advertisements."⁵⁷ Playboy also contended that although keyword banner advertisements may constitute "a neutral marketing technique . . . Excite's advertising activities are not neutral . . . with respect to its misuse of the goodwill associated with [Playboy's] mark."⁵⁸ Both the Playboy and the Estee Lauder complaints allege identical acts of affirmative actions taken by the search engines to exploit their registered trademarks with TKB.⁵⁹

52. *Estee Lauder, Inc. v. The Fragrance Counter, Inc.*, Civil Action No. 99 Civ. 0382, P 1. (S.D.N.Y. Jan. 19, 1999). The Fragrance Counter is a direct competitor of, and not affiliated with, Estee Lauder.

53. *Id.* at 8.

54. *Id.* at 10.

55. *Id.* at 18.

56. *Playboy Enterprises, Inc. v. Netscape Communications Corp.*, No. 99-320 (C.D. Cal. Feb. 11, 1999) and *Playboy Enterprises, Inc. v. Excite, Inc.*, No 99-321 (C.D. Cal. Feb. 5, 1999).

57. *Playboy Enterprises, Inc. v. Excite, Inc.*, No 99-321, at 10 (C.D. Cal. Feb. 5, 1999).

58. *Id.* at 11.

59. In a third case, Lexis Nexis sued the Altavista search engine claiming that Altavista "hijacked" their trademark. Allegedly, entering "Lexis" as a keyword on Altavista produced a banner advertisement for Corporate Intelligence Corp. (CIC) on the search results page. *See*

On June 24, 1999, the district court in the *Playboy v. Netscape* case denied Playboy a preliminary injunction. Judge Stotler found that there was no trademark use, and in any event, the TKB is within the confines of fair use.⁶⁰ Judge Stotler relied heavily on the dubious theory that Netscape's use of the word "playboy" as a keyword to trigger a TKB was not use of the word in its trademark sense, but only use of a generic term.⁶¹ The Judge noted that, "As English words, 'playboy' and 'playmate' cannot be said to suggest sponsorship . . . of the banner ads that adorn the search results page."⁶² The court concluded that no confusion is likely to result from this use.⁶³ Similarly, Judge Stotler categorized the TKB as fair use "because Excite and Netscape use the words 'playboy' and 'playmate' as words in the English language rather than as trademarks."⁶⁴

Although this is the first legal ruling supporting the use of a TKB, the court's analysis seems both factually dubious and legally unsatisfying to warrant a reasoned approach to apply to keywords used in a trademark sense. The Judge's generic use theory is essentially limited to cases where the trademark word has an English word counterpart. Therefore, this theory cannot resolve disputes brought by trademark owners seeking to enjoin TKB practices. Ultimately, Judge Stotler's analysis does not address the inherent problems with a TKB and trademark law.

III. APPLICATION OF THE LANHAM ACT TO TKB

Although three companies thus far, have alleged that a TKB violates the Lanham Act,⁶⁵ no court has yet decided on the merits of a TKB. The following paragraphs will first consider the lawfulness of the practice based on a conventional trademark analysis, revealing that a TKB bears little similarity to practices traditionally thought to constitute trademark infringement. Moreover, trademark infringement requires a "likelihood of confusion" element which will be difficult to establish in a TKB context. The discussion will then turn to an analysis of the closest Internet-based trademark conduct – a practice known as "manipulative metatagging," and show that a

Wes Hills, *Lexis In Court On Net Site*, 1999 WL 3958922 (Apr. 1, 1999).

60. *Playboy v. Netscape*, 55 F. Supp. 2d 1070. See *infra* Part IV.A for a discussion of fair use.

61. 55 F. Supp. 2d at 1073.

62. *Id.* at 1074.

63. *Id.* at 1075.

64. *Id.* at 1087.

65. 15 U.S.C. §§ 1114(1), 1125(a) (1996).

comparison of the two practices establishes that the TKB is legal. Finally, the analysis will turn to a consideration of trademark dilution, a claim that dispenses with the "likelihood of confusion" requirement for infringement and instead requires a plaintiff to show that defendant's conduct has lessened the ability of plaintiff's mark to distinguish its goods. The analysis will show that a plaintiff in a TKB complaint will not be able to succeed on such a claim.⁶⁶

A. Trademark Infringement and Unfair Competition

Under the Lanham Act, a party may be liable for infringing a trademark when it "use[s] in commerce any . . . copy of a registered mark in connection with the sale . . . or advertising of any goods or services . . . [when] such use is likely to cause confusion, or to cause mistake, or to deceive."⁶⁷ Similarly, under section 43(a) of the Act, a party may be liable for unfair competition for the use of :

[A]ny word, term, name, symbol, or device . . . or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which

(A) is likely to cause confusion, or to cause mistake, or to deceive as the affiliation, connection or association of such person with another person . . . or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities.⁶⁸

A TKB plaintiff is likely to assert that when a user enters its trademark as a keyword into a search engine and a list of sites is returned displaying a banner triggered from that keyword, it is likely to cause consumers to believe that the advertisement originated from the plaintiff or that there is some relationship between the plaintiff's web site and the TKB when, in fact, no such endorsement or affiliation exists.⁶⁹ Both types of confusion, confusion of source and confusion of affiliation, could constitute trademark infringement or

66. *See* *Insituform Technologies, Inc. v. Nat'l EnviroTech Group LLC*, No. 97-2064 (E.D. La. Aug. 26, 1997) (settling after *Insituform* filed preliminary injunction); *Oppedahl v. Advanced Concepts*, No. 97-CV-1592 (D. Colo. Dec. 19, 1997) (agreeing to a permanent injunction). *See generally* *Playboy Enterprises, Inc. v. Calvin Designer Label*, 985 F. Supp. 1220, 1221 (N.D. Cal. 1997) (entering a preliminary injunction on September 8, 1997 and involving more than metatagging, including domain names).

67. 15 U.S.C. § 1114(1)(a) (1996).

68. *Id.* § 1125(a).

69. *Estee Lauder, Inc. v. The Fragrance Counter, Inc.*, Civil Action No. 99 Civ. 0382, P 1. (S.D.N.Y. Jan. 19, 1999).

unfair competition under Section 43(a)(1)(A) of the Act.⁷⁰ However, the claim is likely to fail, since the plaintiff will be unable to show either type of likelihood of confusion.

The elements of trademark infringement and unfair competition are well established under federal law. To prove source confusion, a plaintiff has the burden to show that the unauthorized use of the mark creates a likelihood of confusion about who produces the goods and provides the services in question. While the test for likelihood of confusion varies among the circuits, the same general factors usually apply.⁷¹ Relevant factors include the degree of similarity between plaintiff's and defendant's mark; the characteristics of the prospective purchaser and the degree of care they exercise; the defendant's good faith in adopting the mark; the degree of similarity between the two marks; evidence of actual confusion; the similarity of the marketing methods and marketing channels; and where the goods are not competitive, whether consumers would expect the mark owner to expand into the field of the alleged infringer.⁷²

The most common type of confusion occurs when a defendant uses a plaintiff's trademark or a mark highly similar to the plaintiff's trademark on directly competing goods.⁷³ In such a case, the plaintiff asserts that the consumer may mistakenly believe that the defendant's product originates from the plaintiff. In other words, the plaintiff believes that the consumer will be confused over the source of the defendant's product.⁷⁴ For example, when consumers go to a store to buy Big Tom's apple juice, they may see a bottle with a mark, "Large Tommy." They may believe that Big Tom's also makes this bottle because it bears a mark similar to the genuine Big Tom's trademark.⁷⁵

70. While trademark commentators use the term "confusion" as a catch all term to include different types of customer confusion, trademark treatises distinguish between different types of confusion. See J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 23:5, at 23-15 (4th ed. 1996) (noting that there are many types of customer confusion). See also Steven H. Hartman, *Subliminal Confusion: The Misappropriation of Advertising Value*, 78 TRADEMARK REP. 506 (1988) (discussing additional forms of confusion made possible by modern marketing practices); Michael J. Allen, *The Scope of Confusion Actionable Under Federal Trademark Law: Who Must Be Confused and When?*, 26 WAKE FOREST L. REV. 321 (1991) (discussing the three types of confusion prohibited by the Lanham Act: (1) confusion as to source, (2) confusion as to sponsorship or affiliation, and (3) reverse confusion).

71. See MCCARTHY, *supra* note 70, § 23:19.

72. See *id.* at 23-53.

73. See *id.*, § 23:5 ("The most common and widely recognized type of confusion that creates infringement is purchaser confusion of source which occurs at the time of purchase.").

74. See *id.* at 23-15.

75. See *WCVB-TV v. Boston Athletic*, 926 F.2d 42, 44 (1st Cir. 1996).

TKB plaintiffs will be unable to show this type of source confusion. To begin with, when a user views the search result page, a TKB is displayed at the top of the page, separate from the search results.⁷⁶ In fact, common to all search engine result pages is an obvious distinction between the search results and extraneous advertisements.⁷⁷ Therefore, a reasonable user would not confuse the TKB with the search results because the distinct heading alerts the user as to where the search results begin. Further negating source confusion is the obvious distinction between the appearance of the TKB and the search result list. A TKB contains flashy colors, animation, and even sound,⁷⁸ while the search results are displayed as plain text.

A TKB plaintiff may also argue that the TKB will mistakenly lead users to believe that the plaintiff is affiliated with or somehow sponsors the TKB. As a result of searching with the plaintiff's trademark as a keyword, the user may be confused and believe that anything on the search result page is sponsored, approved, or affiliated with the plaintiff. This type of confusion is exemplified by *University of Georgia Athletic Association v. Laite*.⁷⁹ There, a beer distributor was found liable for trademark infringement because the distributor used a similar logo identified with the University of Georgia mascot without authorization, thereby suggesting some affiliation or, at least, sponsorship from the University.⁸⁰ In other words, the defendant was confusing the consumer as to the affiliation, connection, or sponsorship of the product.

Given Internet user antipathy towards advertising on the web, it is highly unlikely that a plaintiff can show that a user would believe that the TKB is affiliated with the plaintiff. One Internet advertiser stated that "[m]ost people ignore the little ad banners perched at the periphery of commercial Web sites."⁸¹ In most instances, a user performing a search is interested in the search results generated by the

76. *Estee Lauder, Inc. v. The Fragrance Counter, Inc.*, Civil Action No. 99 Civ. 0382, P 1. (S.D.N.Y. Jan. 19, 1999) ("The consumer sees the banner ad before she sees the general listing of websites returned by Excite or Webcrawler in response to the searched term.").

77. See *Excite* <<http://www.excite.com>> (separating the search results from the rest of the page by stating "Web Results"); see also *Altavista* <<http://www.altavista.com>> (separating the search results from the rest of the page by stating "Web Pages").

78. See JIM STERNE, *WORLD WIDE WEB MARKETING* 44 (2d ed. 1999) (giving advertising examples of what constitutes a successful banner advertisement).

79. 756 F.2d 1535 (11th Cir. 1985).

80. See *id.* at 1546.

81. Craig Bicknell, *AtHome: Broadband Ads Are Boss* (visited Oct. 21, 1999) <<http://www.wired.com/news/news/business/story/14872.html>>.

search engine and may not pay attention to the banner advertisements at all.⁸² To illustrate this, studies have shown that even the most targeted banner advertisement generates relatively low responses.⁸³ Although advertising revenue has been increasing at a rapid pace, over the last year the rate at which people actually click on a TKB to get more information about the advertiser has steadily declined.⁸⁴ In fact, some Internet users have even installed Internet advertisement blocking programs to filter out any advertisements.⁸⁵ As one commentator has said: "Anyone who has spent even a scintilla of time on the web lately knows that splashy advertising banners sprout from every imaginable bit of spare real estate."⁸⁶

Moreover, the only reference to the plaintiff's trademark by the TKB takes place behind the scenes during search engine processing. This reference to the plaintiff's trademark is not within the viewable layout of the TKB and thus not visible to the user. An advertiser using a TKB has limited space with which to promote their brands or sell their products. It is therefore essential for them to make the most of that "real estate."⁸⁷ As noted above, it is difficult to attract a user to click on the advertisement. The TKB must be flashy and eye catching, leaving little room for any reference to a product besides its own.⁸⁸ Although a plaintiff's trademark as a keyword triggers the TKB to be displayed to the user, with the limited time the user dedicates to each search page, it is the flashiness of the TKB that will draw the user to the advertisement and persuade them to click on it.⁸⁹

82. See Ted Bridis, *Web Ads a 'Necessary Evil?'* (visited Apr. 1, 1999) <<http://abcnews.go.com/sections/tech/DailyNews/netads980825.html>> (comparing Internet advertisements to commercials on TV, "Nobody wants to look at them, but no one wants to pay out of their pocket for something.").

83. See ZEFF, *supra* note 13 (stating that "the average click-through rate is 2.6 percent, although very targeted buys can generate response rates up to 30 percent"); see also <<http://www.protolabels.com/clickthroughcomp.shtml>> (discussing various banner advertisements and their response rates).

84. See Ashely Dunn, *Ad Blockers Challenge Web Pitchmen*, L.A. TIMES, Mar. 2, 1999, at A1.

85. See *id.* ("Going under such names as WebWasher, InterMute and AtGuard, the programs automatically eliminate all advertising from Web pages, fulfilling the consumer dream of entertainment unfettered by the intrusion of Pampers and Rogaine.").

86. Catherine P. Taylor, *Banner Year* (visited Nov. 6, 1999) <http://www.wired.com/wired/archive/5.03/es_webad_pr.html>.

87. See ZEFF, *supra* note 13, at 48 (noting also that a creative advertiser "will strive to effectively use a banner's space").

88. See *id.* at 44 (discussing methods to create a responsive banner advertisement including: little text, incorporating animation, and good use of colors).

89. See Bicknell, *supra* note 81 (noting that the sophisticated, flashy advertising will double or triple recall).

Another means of analyzing the likelihood of confusion is to consider *Mobil Oil Corp. v. Pegasus Petroleum Corp.*⁹⁰ In that case Mobil Oil sought to enjoin Pegasus Petroleum from using the mark "Pegasus" in connection with its business because of the similarity to Mobil's Pegasus (flying horse) symbol. Granting the injunction, the Second Circuit stated that a likelihood of confusion existed "not in the fact that a third party would do business with Pegasus Petroleum, believing it related to Mobil, but rather in the likelihood that Pegasus Petroleum would gain crucial credibility during the initial phases of a deal."⁹¹ The court reasoned that a potential customer would be "mislead into an initial interest."⁹²

A plaintiff may argue that the TKB caused an initial confusion based on the search. This analysis is driven in part by the assumption that users will automatically link any keywords they use with the TKB and, based on that link, a user will visit the site. This argument, however, ignores the fact that when users travel to the web site linked by the TKB, any assumption is immediately dispelled since the plaintiff's trademark is nowhere visible to the user.⁹³ Unlike the Pegasus in Mobil Oil, the TKB does not use the mark itself to confuse the consumer. Any use of the mark is behind the scenes of the search engine. The TKB does not display the mark to the user. Therefore, a visitor may never associate the TKB with the search term.

B. TKB Is Distinguishable From Manipulative Metatagging

A metatag is a set of hidden words located within a web page that search engines use to determine if a web page is relevant when performing a search.⁹⁴ When a user enters a keyword into a search engine, the search engine will return the address of the sites containing matching metatags. Small companies often use metatags to make their web sites appear more often and more prominently on search engine results pages. Although metatags are often used for legitimate purposes by providing keywords that better describe the contents of the web page, some metatags are used to trick a search engine into indicating that the web page that contains the metatag is

90. 818 F.2d 254 (2d Cir. 1987).

91. *Id.* at 259.

92. *Id.* at 260.

93. See Tim Jackson, *The Case of the Invisible Ink* (visited Oct. 30, 1999) <<http://cyber.harvard.edu/metaschool/fisher/linking/meta/meta6.html>> (stating that once the user visits the site, any inference is immediately dispelled).

94. John Mrisch, *Terms You Need To Know: Search Engines* (visited Oct. 31, 1999) <<http://cyber.harvard.edu/metaschool/fisher/linking/meta/meta2.html>>.

relevant.⁹⁵ “One extreme example is of pornographers who have used the word ‘Mir’ in their metatags because they know that millions of Internet users have been searching for pages on the Russian space station.”⁹⁶ This “trickery” is described as manipulative metatagging. The theories that courts and commentators advance to establish the illegality of manipulative metatagging actually demonstrates the legality of TKB.⁹⁷

TKB plaintiffs may attempt to rely on the metatagging analogy because a TKB bears a technical resemblance to a manipulative metatag.⁹⁸ This contention is driven by two similarities between both practices. First, both use keywords to trigger the display of information on a search result page. Second, both are used to attract visitors to a competitor’s Web site. However, a closer look at the implementation of manipulative metatags suggests that in fact there is little similarity between the two practices.

Although there are very few court decisions that address manipulative metatags, the trend in these cases seems to favor the trademark owner by enjoining the defendant’s use of the trademark in his metatags.⁹⁹ Courts are concerned with defendant’s actions that have “purposefully employed deceptive tactics to attract consumers to their web site.”¹⁰⁰ Professor J. Thomas McCarthy, the leading commentator on trademarks, also suggests that manipulative metatags lure users to a web site they are not looking for as a result of the

95. See David J. Loundy, *Hidden Code Sparks High-Profile Lawsuit*, CHICAGO DAILY LAW BULLETIN, Vol. 143, No. 178, Sept. 11, 1997, at 6.

96. See Jackson, *supra* note 93.

97. Not all forms of metatagging have been found to violate trademark law, thus this article only analogies TKB and manipulative metatagging. See, e.g., *Playboy Enterprises, Inc. v. Welles*, 7 F. Supp. 2d 1098, 1103-1104 (S.D. Cal. 1998) (holding that Welles’ use of metatags constituted fair use since it was the only way to describe her product).

98. Although a comparison between manipulative metatags and TKB was not explored in the Estee Lauder complaint, or the Playboy complaint, see *supra* notes 46-59 and accompanying text (discussing the cases), a comparison of the underlying theory does help strengthen the lawfulness of TKBs.

99. See *Playboy Enterprises, Inc. v. AsiaFocus Int’l, Inc.*, 1998 WL 724000 (E.D. Va. 1998) (judgment against defendant); see also *Insituform Technologies, Inc. v. Nat’l EnviroTech Group LLC*, No. 97-2064 (E.D. La. Aug. 26, 1997) (settled after Insituform filed preliminary injunction); *Oppedahl v. Advanced Concepts*, No. 97-CV-1592 (D. Colo. Dec. 19, 1997) (defendant agreed to a permanent injunction); see also *Playboy Enterprises, Inc. v. Calvin Designer Label*, 985 F. Supp. 1220, 1221 (N.D. Cal. 1997) (granted preliminary injunction). However, this case involved more than metatagging including domain names; see also *Brookfield Communications, Inc. v. West Coast Entertainment*, 174 F.3d 1036 (9th Cir. 1999) (reversing lower court’s denial of preliminary injunction).

100. See *Playboy Enterprises, Inc. v. AsiaFocus Int’l, Inc.*, 1998 WL 724000, *3.

confusion.¹⁰¹ The rationale is that because users relied on a search engine to find a series of related sites this may set the stage for these consumers to be confused as to the source, affiliation, or sponsorship of those goods and services.¹⁰² In other words, the users mistakenly think that because the defendant's web site appears in the list of search results, the defendant's product must somehow be related to the keyword.¹⁰³

Consumer confusion in manipulative metatagging seems to hinge on the fact that the link to a web page containing the manipulative metatag and the trademark owner's own genuine web page are displayed concurrently in the same list of results generated by the search engine.¹⁰⁴ Confusion could be especially great if both the defendant's web page and the plaintiff's web page are listed as number one and number two on the search result page.¹⁰⁵ This mingling of the plaintiff's web page and the web page containing the manipulative metatag has the effect of "decreas[ing] the effectiveness of the trademark because the search service found the owner's site as well as the defendants."¹⁰⁶ In *Playboy v. AsiaFocus*, Playboy sued

101. See MCCARTHY, *supra* note 70, § 25:69, at 25-113; see also Jackson, *supra* note 93 (quoting McCarthy as describing the practice as "like putting up a big sign on the freeway that says Exxon, but that's not what you find once you get there").

102. See Barbara McCoy, *An Invisible Mark: A Metatag Controversy*, 2 J. SMALL & EMERGING BUS. L. 377, 391 (1998) (stating that "[a] consumer may have an expectation that the Web site is related to a product when, in fact, it is not."); see Loundy, *supra* note 95 (stating that "[t]he best argument for the plaintiff to make in this case is that, because of the metatags and the resulting listing in a search report, people will be confused about the relation between the plaintiff's and the defendants' sites."); see Scott Shipman, Note, *Trademark and Unfair Competition In Cyberspace: Can These Laws Deter "Baiting" Practices On Web Sites?*, 39 SANTA CLARA L. REV. 245, 274 (1998) (stating that "one could infer that the courts determined that tricking a search engine though trademark-baiting could lead to consumer confusion"); see also Oppedahl, No. 97-CV-1592 (D. Colo. Dec. 19, 1997) (claiming that the metatags deceive the public to believe that the defendants' web page are sponsored by the firm).

103. Not all commentators believe that there is confusion. See Maureen A. O'Rourke, *Defining The Limits Of Free-riding In Cyberspace: Trademark Liability For Metatagging*, 33 GONZ. L. REV. 277, 294-96 (1998) (explaining that given user expectations on the Internet, "[u]sers expect that many of the results that do turn up are irrelevant."); Jackson, *supra* note 93 (stating that "[t]o anyone who uses search engine regularly, all these assertions may seem somewhat fanciful.").

104. See *Playboy Enterprises, Inc. v. AsiaFocus Int'l, Inc.*, 1998 WL 724000, *3 (explaining that a consumer conducting a search for Playboy's web site would receive a search engine-generated list which included the asian-playmates web site).

105. See, David Gikandi, *How to Get Top Search Engine Positioning* (visited Apr. 1, 1999) <http://www.searchpositioning.com/how_to_get_top_search_engine_pos.shtml> (stating that "[t]he top 10 results receive 78% more traffic than those in position 11 to 30 do. The top 30 results get over 90% of the search traffic.").

106. McCoy, *supra* note 102, at 396.

AsiaFocus for trademark infringement resulting from AsiaFocus's embedding Playboy's trademarks within their web pages.¹⁰⁷ The AsiaFocus court stated that "a consumer conducting a search for [Playboy's] web site by typing in the trademark 'Playboy' . . . would receive a search engine-generated list which included the asian-playmates web site."¹⁰⁸ This misled users into believing that the AsiaFocus web page was affiliated or sponsored by Playboy.¹⁰⁹

However, unlike the web page concealing the manipulative metatag, a TKB does not appear within the search engine-generated results.¹¹⁰ A TKB is generally displayed at the top of the page above any reference made to the search results. Unlike the web pages listed in the search results, the TKB's separation from the search results does not set the stage for a relation between the keyword and the TKB.

Moreover, unlike the manipulative metatag, the TKB is nothing more than an advertisement. There can be no possible connection between the keyword and the TKB. In fact, even a savvy TKB cannot hide the fact that it is an advertisement. If the distinctive shape of a banner advertisement doesn't flag the user that it is a banner advertisement, then the bright colors or dancing bears will. Users are developing "banner blindness" in response to the glut of advertisements on the Internet.¹¹¹ As more and more advertisers advertise on search engines, fewer users are actually clicking on the advertisement since, as noted earlier, even the most targeted TKB has a relatively infrequent click through rate.¹¹²

C. Trademark Dilution

A trademark owner may be protected under a trademark dilution doctrine if he can show that his mark is "famous,"¹¹³ that the use is "commercial," and the defendant's action results in "dilution of the

107. See *Playboy Enterprises, Inc. v. AsiaFocus Int'l, Inc.*, 1998 WL 724000, *3.

108. *Id.*

109. See *id.* at *7.

110. See *supra* notes 71-73 and accompanying text.

111. Dunn, *supra* note 84, at A12 (discussing that less than one out of one hundred viewings of a banner advertisement is clicked on).

112. See *id.*

113. The Act only applies to marks that are famous. Courts consider several factors to determine whether a trademark is famous. See generally 15 U.S.C. § 1125(c) (1996). Although determining whether a mark is famous is the proper starting point for a dilution claim, the fact that an advertiser is willing to purchase a trademark to trigger a TKB seems to beg the question.

distinctive quality of the mark.”¹¹⁴ Dilution differs from trademark infringement and unfair competition claims because confusion is not an element for a dilution claim.¹¹⁵ Section 43(c) of the Lanham Act codified the dilution doctrine, protecting marks from being diluted or losing the distinctive quality of the mark by another.¹¹⁶ The statute defines dilution to mean “the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of (1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception.”¹¹⁷

Dilution can occur in two different aspects, “blurring” and “tarnishment.”¹¹⁸ Blurring occurs when prospective customers see the plaintiff’s trademark on a number of different goods and services.¹¹⁹ When this happens, the mark’s selling power is “whittled away” though its “unauthorized use by others upon dissimilar products.”¹²⁰ In other words, if the defendant continued the blurring practices, it will have the effect of lessening the ability and capacity of the famous mark to remain strong.¹²¹ Examples of dilution by blurring would be MICROSOFT lipstick, or KLEENEX machine guns.¹²²

A plaintiff may claim that continued use of the TKB may serve to lessen the capacity of the mark to remain strong. However, the

114. 15 U.S.C. § 1125(c)(1) (1996).

115. See MCCARTHY, *supra* note 70, § 24:70 (noting difference between likelihood of confusion and dilution).

116. Aside from The Federal Trademark Dilution Act, there are state causes of action for dilution. See *id.*, § 24:80. For purposes of this article, only Lanham Act violations are explored. It is noted that there are differences between dilution under The Act and a state cause of action for dilution. See Jeffrey R. Kuester & Peter A. Nieves, *Hyperlinks, Frames and Metatags: An Intellectual Property Analysis*, 38 IDEA: J.L. & TECH. 243, 257 (1998). One difference being that The Act requires a trademark to be famous, while a state cause of action requires that a mark be distinctive. *Id.* It is also noted that dilution under The Act requires that the defendant’s use caused dilution of plaintiff’s mark. *Id.* In comparison, a state cause of action requires that a plaintiff prove a likelihood of dilution of its trademark. *Id.*

117. 15 U.S.C. § 1127 (1996).

118. For purposes of this paper, it is assumed that the TKB does not contain tarnishing material. Tarnishment may occur when a plaintiff’s mark is used on unwholesome or inferior goods or services that may create a negative association with the plaintiff’s goods or services. See *Deere & Co. v. MTD Productions, Inc.*, 41 F.3d 39, 44 (2d Cir. 1994). An example of tarnishment might be a sign saying, “Just Smoke It,” with a marijuana cigarette in the shape of a NIKE swoosh. See Kuester & Nieves, *supra* note 116, at 252.

119. See MCCARTHY, *supra* note 70, § 24:68.

120. See generally *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026, 1031 (2d Cir. 1989).

121. See MCCARTHY, *supra* note 70, § 24:94.

122. *Id.* § 24:68.

stronger and more famous a mark becomes, and the more protection the mark deserves, the more it tends to show that the user need not rely on the search engine and thus even see the TKB.¹²³ It follows that a user would need to rely on the search engine to locate a famous trademark owner's web page in two instances: (1) the web site name is untraditional¹²⁴ or (2) the user is looking for general information and the plaintiff's trademark came to mind.¹²⁵

In the introductory hypothetical, the Internet user is trying to access Shoe Town's web page. When the results page is displayed, the user would immediately recognize the correct link to the Shoe Town web page. Shoe Town will remain a strong trademark since Kim's TKB does not alter the results or affect the user's ability to enter Shoe Town into a search engine and find Jan's web page. Also, the latter instance would not lessen the ability and capacity of the Shoe Town mark to remain strong. Like a metatag, the TKB "involves a web site that does not bear the mark visibly."¹²⁶ In fact, the user never sees the relationship between Shoe Town and the TKB. The TKB merely alerts the user of a product that is equivalent to Shoe Town.¹²⁷

The plaintiff may also argue that "his mark will lose its distinctiveness entirely . . . [and] if allowed to spread, will inevitably destroy the advertising value of the mark."¹²⁸ But, it may be difficult for the plaintiff to show that a user will eventually see the mark on a glut of other goods and services that signify various things from various sources.¹²⁹ This is demonstrated by the fact that the TKB does not reduce the quality of the search returned in the search engine. When a user performs a keyword search, a TKB is displayed at the top of the screen with no reference to the trademark and not intertwined with the search results that contain a reference to the plaintiff's trademark.¹³⁰ In other words, the TKB does not "create

123. Courts have noted that "[a] customer who is unsure about a company's domain name will often guess that the domain name is also the company's name." *Cardservice Int'l, Inc. v. McGee*, 950 F. Supp. 737, 741 (E.D. Va. 1997).

124. For example, Delta Airline's Web site is <www.delta-air.com>.

125. For example, a user in the market for new shoes may use "NIKE" as a keyword.

126. See Maureen A. O'Rourke, *Defining The Limits Of Free-riding In Cyberspace: Trademark Liability For Metatagging*, 33 GONZ. L. REV. 277, 301 (1998).

127. See *infra* notes 128-152 and accompanying text discussion on comparative advertising.

128. See *Intermatic, Inc. v. Toeppen*, 947 F. Supp. 1227, 1240 (N.D. Ill. 1996).

129. See MCCARTHY, *supra* note 70, § 24:94.

130. This theory has been explored by metatagging commentators. Most commentators agree that a dilution claim by blurring is likely to succeed in manipulative metatagging cases.

noise” or diminish any effect for the user to have immediate association with the search results. The TKB does not interfere with the search results that contain the trademark owner’s site.¹³¹

There seems to be no available remedy for a plaintiff to prohibit a search engine from displaying a banner advertisement in response to the use of his trademark as a keyword. The question that remains is whether existing trademark laws should be expanded to include this widely used search engine practice. This analysis includes a closer look at cyberworld comparative advertising and demonstrates that if courts do amend traditional trademark law to prohibit using a TKB on search engine sites, in exchange for better protection for the plaintiff, consumers will be hurt.

IV. TRADEMARK LAW SHOULD NOT BE REDESIGNED TO CURB TKB —KEYWORD BANNER ADVERTISEMENTS ARE CYBERSPACE COMPARATIVE ADVERTISEMENTS

Given the lack of remedies for TKB under existing trademark law, it is inevitable that trademark owners will argue for a new cause

As one commentator stated: “metatagging may create enough noise around the mark to make it very difficult for a user to enter the trademark into a search engine and find the mark owner’s site.” O’Rourke, *supra* note 126, at 301. This in turn will diminish the effect of having an immediate association and ultimately dilute the plaintiff’s mark. *Id.* A court might be willing to sustain a dilution claim in manipulative metatagging since the more unauthorized parties that use the mark as a metatag, the less the owner of the mark will be able to reap the benefits of promoting and marketing the owner’s own product. *See McCoy, supra* note 102, at 396 (stating that manipulative metatags decrease the effectiveness of the mark because the search service found the owner’s site, as well as the defendants); *see also* Loundy, *supra* note 95 (stating that metatags are used solely to increase the effectiveness of the defendant’s sales effort).

131. To help bolster their claim, a plaintiff may borrow language from the domain name trademark cases that have had the opportunity to apply the dilution doctrine on the Internet. In the leading domain name hijacking case, the *Toeppen* case, the court found that defendant’s use of the domain name “intermatic.com” in connection with his web page featuring photographs of his hometown diluted the plaintiff’s famous mark for electronic products. *See Intermatic*, 947 F. Supp. at 1239-1240. In discussing the rationale behind its finding, the court indicated that it was concerned with Toeppen using the “intermatic.com” address on every web page and having the Intermatic name and reputation at Toeppen’s mercy. *Id.* at 1240. Using the Intermatic court’s language, a TKB plaintiff may argue that the purchase of the trademark as a keyword dilutes the plaintiff’s mark since they are precluded from advertising with their trademark on a search engine.

TKB does not prevent or frustrate a mark owner from identifying the trademark owner’s goods and services in the Internet medium. The search engine’s results are not effected by the purchase of a TKB. An advertiser does not maintain any control over the plaintiff’s trademark to use the trademark. In fact, most search engines offer trademark owners the first opportunity to buy their trademarks as keywords. *See Miller & Maharaj, supra* note 9.

of action that will permit them to squelch the TKB. While they will advance arguments about the need to protect the integrity of their marks, only the most naïve observer could fail to note their simultaneous interest in suppressing a source of competition by making it harder for competitive firms to target their customers on the web. The following section considers the wisdom of proposed new doctrines to restrict the TKB and will demonstrate that such proposals undermine essential trademark policies and have the potential to undermine basic values of the Internet.

When firms refer to their competitors by name in print or broadcast advertising, the advertisements in question are usually called “comparative advertisements.” Before the 1970s such advertisements were quite rare.¹³² Firms would mysteriously mention a “Brand X” when touting their own virtues, the thought being that it would provide unnecessary publicity to a competitor to actually mention it by name. In recent decades however, the practice has become quite common. PEPSI mentions COKE and HERTZ mentions AVIS.¹³³

Although the Lanham Act does not contain a separate statute delineating a “comparative advertising use” defense for trademark infringement claims, it does, contain a statute for the fair use defense.¹³⁴ The fair use defense limits trademark protection by recognizing the rights of other individuals to use the owner’s mark for a certain purpose.¹³⁵ Applying the fair use defense, the courts have fairly consistently held that comparative advertising does not constitute trademark infringement, provided that the advertising in question is otherwise factually accurate.¹³⁶ In the leading comparative advertising case, *Smith v. Chanel Inc.*,¹³⁷ Smith asserted in an advertisement that the fragrance called “Second Chance” was an

132. See John C. Rogers & Terrell G. Williams, *Comparative Advertising Effectiveness: Practitioners’ Perceptions Versus Academic Research Findings*, J. OF AD. RES., Vol. 29, No. 5, Oct./Nov. 1989, at 22 (explaining that “fear that naming a competitor might give it publicity or win it some sort of public sympathy as a victim”).

133. See, e.g., *McNeil-PPC v. Bristol-Myers Squibb Co.*, 938 F.2d 1544 (2d Cir. 1991) (defendant advertised that its product, Excedrin, “relieves pain better” than plaintiff’s Tylenol).

134. See 15 U.S.C. § 1115(b)(4) (1996).

135. See Michael G. Frey, *Is It Fair To Confuse? An Examination of Trademark Protection, The Fair Use Defense, and The First Amendment*, 65 U. CIN. L. REV. 1255, 1264-68 (1997).

136. “In general, the law is that it is neither trademark infringement nor unfair competition to truthfully compare competing products in advertising, and in doing so, to identify by trademark, the competitor’s goods.” MCCARTHY, *supra* note 70, § 25:52, at 25-86.

137. 402 F.2d 562 (9th Cir. 1968).

equivalent and duplicate of "Chanel No. 5."¹³⁸ The Ninth Circuit noted that comparative advertising prevents consumers from making purchasing decisions based on irrational elements, and that this public benefit would be lost if a defendant could not advertise its product by comparing them to those of its competitors.¹³⁹ Thus, the Ninth Circuit concluded that such informational use of a rival's trademark in advertising and other channels of communication is acceptable so long as the use is not false or misleading.¹⁴⁰

While there is still only sparse law on comparative advertising and dilution with trademarks, the courts seem to be drifting towards the position that the use of another's famous trademark in a comparative advertisement is not dilution, provided the mark is not "altered" or "parodied" in any way.¹⁴¹ A comparative advertisement that might be classified as diluting the competitor's mark is where a competitor's mark is altered in an advertisement and creates the danger that consumers will ultimately associate the mark with inferior goods and services.¹⁴²

The courts' reasoning is based on the recognition that the informational use of trademarks in comparative advertising is an important way for competitors to inform the public that their product is similar to the trademarked product.¹⁴³ The use of the trademark benefits not only the individual using the mark, but also the consumer who profits by being able to identify equivalent substitutes for expensive items that are available at competitive prices.¹⁴⁴ With respect to trademark law, these informational uses are best understood as involving a non-trademark use of a mark, where the infringement laws simply do not apply.¹⁴⁵ Echoing the courts, the FTC has stated that "[c]omparative advertising encourages product improvement and

138. *Id.* at 562.

139. *Id.* at 569.

140. *Id.* (referring to Smith's use of Chanel's trademark to represent his product as being equivalent, the court stated that "[t]he most effective way . . . in which this can be done is to identify the copied article by its trademark or trade name.").

141. See also 15 U.S.C. § 1125(c)(4)(A) (1996) (stating that comparative advertising is not actionable under a dilution claim).

142. See MCCARTHY, *supra* note 70, § 24:97.1, at 24-173.

143. *Chanel*, 402 F.2d at 568 (stating that "the public interest would not be served by a rule of law which would preclude sellers of 'Second Chance' from advising consumers of the equivalence and thus effectively deprive consumers of knowledge that an identical product was being offered at one third the price").

144. See Frey, *supra* note 135, at 1273; see also Rogers & Williams, *supra* note 132, at 25 (stating that "comparative advertising positively influences *shopping behavior*").

145. See *The New Kids on the Block v. News America Publ'g, Inc.*, 971 F.2d 302, 307 (9th Cir. 1991).

innovation, and can lead to lower prices in the marketplace.”¹⁴⁶

This analysis has considerable relevance to a TKB. A court may determine that a TKB is the only way for a competitor to inform a user that its product is at least an equivalent to the plaintiff’s product.¹⁴⁷ Thus, to determine whether the TKB should be viewed as a fair use of the plaintiff’s trademark, the relevant question is whether a competitor’s TKB is a comparison of the plaintiff’s product to its own.¹⁴⁸ A TKB with no mention of plaintiff’s mark only provides beneficial knowledge that the competitor’s product provides an alternative to the plaintiff’s product. That is, the TKB is merely providing brand awareness of the competitor’s product. A search engine provides the perfect vehicle to increase brand awareness among users who have never seen or heard about the product but may be interested in it. Thus, the TKB benefits more than the individual using the trademark; it also benefits the user since it provides information about an alternate choice. Moreover, any negative press the TKB generates will hurt the competitor and not the plaintiff since the TKB is a clear designator of the competitor’s product and bears no relation to the plaintiff.¹⁴⁹

An analogy of a “real world” competitor’s use of a rival’s trademark for the purpose of comparative advertising is “electronic couponing.”¹⁵⁰ Now common in many supermarkets, checkout registers generate an electronic coupon encouraging you to try a competing brand.¹⁵¹ Let’s say that an individual purchases a pint of Haagen Dazs ice-cream at the local supermarket. With his change, he also receives a “cents off” coupon for Ben and Jerry’s ice-cream. This coupon is triggered by the information obtained at the point of sale.¹⁵² One marketing analyst explains that the supermarkets have

146. 16 C.F.R. § 14.15, n.1 (1998).

147. See *Chanel*, 402 F.2d at 567-568 (“To prohibit use of a competitor’s trademark for the sole purpose of identifying the competitor’s product would bar effective communication of claims of equivalence.”).

148. See MCCARTHY, *supra* note 70, § 24:97.1, at 24-172.

149. See *Chanel*, 402 F.2d at 567 (stating that if the product is inferior, it is the competitor who will bear the burden of the consumer disapproval).

150. See Peter Rossi et al., *The Value of Purchase History Data in Target Marketing*, MARKETING SCIENCE, Vol. 15, No. 4, at 321 (1996) (explaining that electronic coupons are coupons triggered directly by observed purchase behavior).

151. The checkout coupons are more valuable than newspaper inserts since they are customized to specific shoppers. See *id.*

152. *Id.* at 327-28 (“The Catalina coupon computer/printer interfaces directly with the P-O-S [point of sale] checkout register and can look up the prices of competitive products from the store computer.”).

moved beyond the frequent shopping programs into electronic couponing schemes because of the collection of shopper purchase history.¹⁵³

This electronic couponing is an example of a comparative advertisement since it is a non-trademark use of a trademark for informational purposes.¹⁵⁴ Although the Ben and Jerry's coupon does not explicitly refer to the Haagen Dazs trademark on the coupon, the check out register, at some point, must referentially refer to the Haagen Dazs mark.¹⁵⁵ If the register did not associate the Haagen Dazs product and the Ben and Jerry's product, the register could not distribute a coupon when the Haagen Dazs ice cream was purchased. Even though the trademark use was performed behind the scenes, and not noticed by the user, the register used the Haagen Dazs trademark for the sole purpose of providing consumers with the knowledge that Ben and Jerry's, a comparative and equivalent product, existed.¹⁵⁶

When a user searches with a plaintiff's mark as a keyword, the trigger of the TKB may be analogous to this electronic coupon program. This is best illustrated by returning to the Shoe Town hypothetical.¹⁵⁷ First, Bill's search engine, likened to the checkout register, determines which advertisements to display to the user. The search engine uses the search habits of the user to display a TKB on the search results page while the check out register uses the shopper's purchase information to print an electronic coupon.

Next, just as the Ben and Jerry's coupon is keyed to print in response to the purchase of a pint of Haagen Dazs ice cream, Kim purchased the ability to have her TKB appear in response to a search including Shoe Town as a keyword. Kim generated the TKB to encourage a user to try her brand and to compete with Shoe Town. With the search results, the user also sees a TKB providing information about an alternative shoe store, namely Kim's Shoes.

153. *See id.*

154. *See The New Kids on the Block v. News America Publ'g, Inc.*, 971 F.2d 302, 307 (9th Cir. 1992) (explaining that this type of use is best understood as involving a non-trademark use of a mark).

155. Using the hypothetical posed at the beginning of the article, and similar to the facts of *Smith v. Chanel*, another example of comparative advertising would be putting a billboard sign across from Shoe Town competitor stating "Kim's Shoes, ½ less than Shoe Town." In fact, Kim's Shoes could purchase an advertisement in the same magazines as Shoe Town.

156. Scott A. Neslin, *A Market Response Model For Coupon Promotions*, MARKETING SCIENCE, Vol. 9, No. 2, at 125 (1990) (noting that couponing has a pronounced effect on sales and concluding that couponing is a more effective inducer of brand switching than in-store promotions).

157. *See supra* Part I.

This non-trademark use of a trademark merely provides information to the user.

V. CONCLUSION

The Internet is growing at a phenomenal rate largely as a result of the flow of free information. This is not to say that the Internet should resemble the "Wild West," but courts should create precedents that will endorse technological growth while at the same time promote healthy markets. This analysis suggests that the implementation of the prohibition of a TKB would only hinder the growth of electronic commerce on the Internet. This analysis also suggests that although the Internet is a relatively new medium, sound trademark policy will continue to prove useful.

Expansion of current trademark laws to protect the plaintiff against a TKB could stifle other developmental efforts in the software community. This becomes quite apparent by understanding the technical aspects and underlying rationale for the TKB. A more appropriate solution is to rationalize a TKB with conventional standards as if it were an age-old problem. In particular, a court may wish to look at the comparative advertising body of law and fair use when dealing with the TKB. Prohibiting a TKB on the Internet will hurt consumers since these advertisements are a hallmark to electronic commerce on the Internet.

Moreover, equating a TKB to a comparative advertisement may provide the Internet community the opportunity to develop standards, which ultimately stimulate growth. Similar to the system for resolving disputes over the registration of domain names,¹⁵⁸ a plaintiff could complain of the misuse of the keywords to the search engine operator, demonstrate a trademark right in the keyword, and then purchase the keywords instead. Some search engines provide the trademark owner the first grab at buying the keyword.¹⁵⁹ This is the type of remedy that no court could ever impose.

Therefore, it would seem that a new cause of action to eliminate the TKB is not needed, rather application of existing law will suffice. Internet scholars echo this approach in other realms of cyberspace law.¹⁶⁰ Ultimately, once the technical aspects of the TKB are

158. NSI dispute resolution is available at <<http://www.networksolutions.com/help/general/dispute.html>>.

159. See Miller & Maharaj, *supra* note 9 (noting that "some portal sites offer companies the first opportunity to buy their trademarks as keywords").

160. See Lawrence Lessig, *The Path Of CyberLaw*, 104 YALE L.J. 1743, 1754 (1995) ("A

understood, courts can apply well-settled trademark law without the need to amend current laws. Creating new laws solely for the purpose of the new medium results in a step backwards. We should not contain the growth of the Internet, but instead support it.

prudent Court would let these issues evolve, long into this revolution, until the nature of the beast became a bit more defined. If there is sanction to intervene, then it is simply to assure that the revolution continue, not to assure that every step conforms with the First Amendment as now understood.").